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**Decision Making Regarding Employee Access to Training and Development in  
Medium-Sized Enterprises.**

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## **Decision Making Regarding Employee Access to Training and Development in Medium-Sized Enterprises.**

### **Abstract**

Employees in small and medium-sized enterprises (SMEs) form part of a 'disadvantaged' group within the workforce that receives less access to formal training and development than employees in large firms. The manager's decisional role is critical when considering employee access to training and development. Unfortunately, there is scant research into factors affecting managers' decisions regarding employee access to a requested development opportunity in SMEs. To address this research gap, semi-structured interviews incorporating critical incidents were conducted with a purposive sample of 12 managers of medium-sized enterprises based in Perth. We report key findings of the interviews and assess the effectiveness of the Critical Incident Technique (CIT) as a tool for studying managerial decision making processes regarding employee access to training and development opportunities.

Key words: Managerial decision making, training and development, Critical Incident Method, medium-sized enterprises.

Small and medium-sized enterprises (SMEs) in Australia represented around 2 million actively trading businesses in June 2007 (Australian Bureau of Statistics, 2010). These SMEs make a substantial contribution to the national economy and employment. For example, SMEs produce 46% of the gross domestic product and employ around 42% of the national workforce (Australian Bureau of Statistics, 2010). Accordingly, the economic performance of the SME sector has a significant impact on national economic wealth and the quality of life of many Australians and their families. Given the economic significance of SMEs, development of these enterprises has a crucial role in new employment creation and sustained economic growth. This includes development of the large knowledge and skills base vested in these enterprises through formal and informal learning processes.

The provision of workforce training and development has the potential to provide benefits to both employers and employees (Storey & Greene, 2010). Employee engagement in continuous training and development is widely viewed as important to the survival of organisations and as a potentially significant source of competitive advantage (Garavan, 2007; Tannebaum, 1997). Bartel's (2000) review of several US studies found that employers' annual return on investment in training varied from 7 to 50 per cent. From the perspective of employees, access to training and development is increasingly important to ensure their employability because of insecurity in employment and proliferation of flexible contracts of employment (Bulcher, Haynes & Baxter, 2009). Furthermore, employees who make use of employer-provided and vocational training can expect their earnings to increase (Blundell, Dearden, Meghir & Sianesi, 1999). However, SME employees are perceived by

some commentators as a 'disadvantaged' group within the workforce (Devins, Johnson & Sutherland, 2004) because studies in several countries have found that smaller businesses are considerably less likely to provide formal training and development for their employees than larger businesses (Bishop & Ritzen, 1991; Johnson 2002; Kitching & Blackburn, 2002; Kotey & Folker, 2007; Storey, 2004).

The manager's decisional role is unquestionably critical. Managers often act as the primary gate keepers to training and development opportunities for employees in SMEs (Walton, 1999). However, there is scant empirical research into factors that impinge on managerial decision making processes. Prior research into reasons for the relatively low levels of employee participation in formal training and development in smaller firms has focussed on the opinions of owner-managers, rather than actual decisions that they have made. We contend that any attempts to influence owner-manager decision making by those who are trying to build the capability for SME growth or promote the concept of life-long learning and associated policy initiatives to the workforce in the SME sector should be based on a thorough understanding of how decisions are actually made.

The broad aims of the current study are twofold: (1) to develop an understanding of factors that impinge on managerial decision making processes regarding employee access to training and development opportunities; and (2) to assess the effectiveness of the Critical Incident Technique (CIT) as a tool for studying managerial decision making processes regarding employee access to training and development opportunities. The focal research question and specific research objectives that helped to focus and bound the study within the framework of these broad aims are detailed in the next section.

## RESEARCH QUESTION AND OBJECTIVES

To address the research gap mentioned previously, our exploratory descriptive study seeks to answer the question:

*What factors are considered by managers of medium-sized enterprises when they make decisions regarding employee access to structured training and development opportunities that are at least partially funded by the firm?*

Much of the SME literature focuses on small enterprises (Marlow & Thompson, 2008). In contrast, our study examines employee access to structured training and development opportunities in medium-sized enterprises. We assumed that employees in medium-sized firms (less than 200 employees in Australia) are more likely to gain access to structured training and development opportunities that are at least partially funded by the firm than employees in small firms (less than 20 employees in Australia). Moreover, little is known about factors influencing employee access to training and

development in medium-sized firms. As Marlow and Thompson (2008) have noted, managing staff in medium-sized enterprises presents challenges quite different from those identified in the small firm.

Managerial decision making regarding employee access to training and development is undoubtedly difficult to study. There are a multiplicity of factors that might influence the manager's decisions, such as the cost of the requested training and development, timing of the training and development, characteristics of the employee requesting access to training and development, and the perceived beneficiaries of the training and development. We are also cognizant that such decisions are influenced by both rational and emotional processes (Naqvi, Shiv & Bechara, 2006). However, our exploratory study is an attempt to develop an enhanced understanding of primarily the cognitive elements of the managerial decision making process and to identify a range of the common factors that might influence the manager's decision making process. To help focus and bound the research, we delimited our study to decision making situations involving employee access to firm-sponsored structured training and development opportunities. This included both on-site and off-site training and development.

For the current study, training is defined as "a planned and systematic effort to modify or develop knowledge, skills and attitudes through learning experiences, to achieve effective performance in an activity or a range of activities" (Garavan, 1997, p.40). Many of the definitions of training emphasise a current job focus (Garavan 1997). Thus, the purpose of training, in the work situation, is to enable an individual to acquire abilities in order that he or she can perform adequately a given task or job (Buckley & Caple, 1995). In contrast, development is focused more on the individual than on the task or job and is concerned with longer-term personal growth and career movement (Winterton, 2007). For the purpose of our study, development will be defined as "formal activities and processes primarily oriented towards developing individuals in ways which are complementary with the organisation and its objectives and appropriate for meeting the individual's own career and development needs" (McCauley, Moxley & Van Velsor, 1998, p.5). However, it is important to note that there is considerable debate within the human resource management (HRM) and development (HRD) literature relating to the distinction, if any, which exists between terms such as education, training and development (Garavan, 1997).

The overall question guiding the study has been broken into the following research objectives.

To determine the:

1. triggering factors, types of training and development being considered, and the perceived beneficiaries;
2. managers' decision making objectives;

3. reasons the managers made the decision they did;
4. managers' evaluations of the effectiveness of their decisions, and reasons for their judgements.

Our research objectives are modelled on the standard format of a critical incident. A typical critical incident consists of three elements (Butterfield, Borgen, Amundson & Maglio, 2004): (a) antecedent information (what led up to it) (reflected in research objective 1); (b) a detailed description of the experience itself (reflected in research objectives 2 and 3); and (c) a description of the outcome of the incident (reflected in research objective 4). Accomplishing the specified research objectives will help to cast light on important aspects of the manager's decision making process.

### **FACTORS INFLUENCING PARTICIPATION IN TRAINING & DEVELOPMENT**

Resource paucity, including reliance on usually limited internal sources of finance (Storey & Greene, 2010), has been identified as a common feature of smaller firms (Carland, Hoy, Boulton & Carland, 1984; Ghobadian and Gallea, 1997; Kelliher and Henderson, 2006). The resource constraints under which many SMEs operate is likely to have a significant impact on approaches to employee training and development in the SME sector. For instance, the low take up formal training and development in SMEs is frequently attributed to the costs of such training and development (Kitching & Blackburn, 2002). This includes the actual cost of the training and development course, and the opportunity cost of the employee's working time when the employee is away from work on a course.

Furthermore, each SME faces unique challenges and opportunities and their owner-managers and employees require specific knowledge and skills to manage these effectively. While there might be a range of training and development opportunities available, very few are perceived by owner-managers to be relevant to the challenges and opportunities that they currently face (Gibb, 1997). It is also argued that the training and development opportunities which are on offer tend to be supply-driven and does not take into account the learning and development needs of SME owner-managers and their employees (Storey & Westhead, 1997). Providers of training and development opportunities may be unwilling to offer training and development to SMEs because of the high costs of organising and tailoring training to meet customers' needs (Kitching & Blackburn, 2002).

Storey and Greene (2010) assert that small businesses are much more likely to cease trading than large businesses and therefore the uncertainty facing small businesses is considerably greater than that faced by large businesses. Uncertainty about the future might lead some SME owner-managers to adopt shorter time horizons regarding investment decisions. This includes investment in training and development, where the return is at best in the medium-term (Kitching & Blackburn, 2002; Storey & Greene, 2010). Related to the notions of uncertainty and short time horizons, SME owner-managers

tend to adopt a short-term, reactive approach to employee learning and development, as opposed to a strategic approach (Hill & Stewart, 2000; Sadler-Smith, Sargeant & Dawson, 1998). This means that the owner-managers respond to training and development requirements as these come up. Therefore, their approach tends to be *ad hoc* and reactive.

The attitude of owner-manager towards training and development is also widely perceived as a barrier to engagement in capability development (Storey & Greene, 2010). Some managers are thought to have developed negative attitudes towards formal capability development activities because of their past experiences in formal training and development situations. To illustrate, Matlay (1999) found that training is more likely to take place where the owner-manager has educational qualifications, and SME owner-managers were less likely to be as qualified as managers in larger businesses. Matlay argues that it is this difference in the levels of educational attainment that explains why SMEs are less likely to engage in formal training. Finally, some owner-managers may be reluctant to provide formal training and development opportunities for their staff because they are aware that there are limited opportunities for career advancement in smaller firms and they fear that formally qualified staff have a greater likelihood of being poached (Storey & Greene, 2010). During periods of skill shortage this becomes an even more critical issue for smaller firms.

## **OPPOSING VIEWS ON THE IMPORTANCE OF TRAINING & DEVELOPMENT**

The relatively low level of participation in formal training and development in SMEs is perceived as being problematic from several different perspectives. One such perspective is that neglect of formal HR practices might well hinder progress toward sustainable competitive advantage in smaller firms (Kotey & Folker, 2007). Consistent with this perspective, there is a substantial body of empirical research which suggests that HR practices can have positive effects on firm performance (e.g. Huselid, 1995; MacDuffie, 1995). In these studies examining the HRM-performance link, the firm's formal training and development efforts are typically included as a core element in the 'bundle' of HR policies and practices (Boselie, Dietz & Boon, 2005). However, most of the studies examining the HRM-performance link have been based in large organisations. The impact of HR practices on small business performance has rarely been studied (Sels, De Winne, Delmotte, Maes, Faems & Forrier, 2006). Two studies that have examined the HRM-performance link in firms with fewer than 100 employees (Sels, De Winne, Delmotte, Maes, Faems & Forrier, 2006; Way, 2002) produced findings consistent with prior empirical work on this topic in larger organisations. This suggests that investments in formal training and development, when combined with other complementary HR practices, should have similar positive effects on the performance of small firms. It is also argued that lack of access to formal training and development opportunities hinders innovation in small firms. For

instance, many independent small businesses do not have the training resources and knowledge to develop their staff to exploit fully the opportunities that websites bring (Simmons, Armstrong & Durkin, 2008).

Another perspective is that lack of access to formal training and development opportunities may have negative effects on job satisfaction and organisational commitment. In other words, providing employees with the opportunity to attend formal training and development events may not only improve employee knowledge and skills, but can also offer additional benefits such as enhanced job satisfaction and organisational commitment that may not be easily realised from informal alternatives (Pajo, Coetzer & Guenole, 2010; Rowden & Ahmad, 2000). As noted previously, from the perspective of SME employees, lack of access to externally-accredited training can weaken their employability and place them at a serious disadvantage in the external labour market (Ram, 1994).

In contrast, other commentators do not appear to view the relatively low levels of employee participation in formal training and development in SMEs as being too problematic. These commentators argue that the available formal training and development opportunities are often inappropriate because the training and development activities do not focus on firm-specific problems, priorities and work practices (Gibb, 1997; Johnson, 2002; Kitching & Blackburn, 2002). Another argument is that the relatively low level of formal training and development in SMEs stems from an 'informed' assessment of the costs and benefits of formal training provision (Storey & Greene, 2010). According to Storey (2004), 'informed' SME owner-managers face higher costs of training provision than managers in large firms and it is these differing costs that explain why smaller firms provide less training. The training costs per worker are likely to be higher in small businesses because they have fewer workers over whom the direct and indirect costs of training can be spread (Storey & Greene, 2010). It is also argued that informal training practices and informal learning processes are ideally suited to smaller firms (Billett, 2004; Gibb, 1997). Kitching and Blackburn (2002) contend that the generally limited provision of formal training and development in smaller firms does not mean that employees lack skills, or that training is not taking place. Rather, studies show that smaller firms are likely to place much greater reliance on informal training and learning processes (Kitching & Blackburn, 2002; Storey, 2004). These informal approaches to learning tend to be highly situated, often with a focus on tacit learning while on-the-job (Billett, 2004). Such approaches are well suited to the requirements of many smaller firms as informal training imposes fewer direct costs, can be easily integrated into their daily operations, and is more likely to be focussed on business priorities and employees' specific needs (Curran, 2000; Johnson, 2002; Patton, 2005). This focus on specific as opposed to general training has the added benefit that employees are less likely to be poached, probably by larger firms that are able to pay higher wages (Storey & Greene, 2010).



In the light of all this, what is our position on the importance of formal training and development in SMEs? The following quotation neatly encapsulates the position that we take.

“While it is crucial that we recognise the importance of informal aspects of learning in small firms (as in all organisations), it would be hazardous to advance a position that accords no importance at all to formal training” (Bishop, 2008, p.661).

Thus, given our position that employee participation in formal training and development is important in the SME sector, we contend that there is a need for further studies aimed at developing a deeper understanding of the factors that influence managerial decisions regarding employee access to firm-sponsored structured training and development opportunities. We also believe that the critical incident technique (CIT) will be an effective exploratory tool for increasing knowledge about managerial decision making.

## **RESEARCH DESIGN AND METHODOLOGY**

### **Design and Method Description**

To answer the focal research question and accomplish the research objectives an exploratory descriptive approach was employed. The method used in this study was the critical incident technique (CIT), as described by Flanagan (1954) in a classic article. In his article, Flanagan defines the CIT as “a set of procedures for collecting direct observations of human behavior in such a way as to facilitate their potential usefulness in solving practical problems and developing broad psychological principles” (p.327). As this definition suggests, initially the CIT was very behaviorally grounded and focused on differentiating effective and ineffective work behaviors in executing a task. However, over time, researchers have utilized the CIT to study a wide array of psychological constructs and experiences (Butterfield, Borgen, Amundson & Maglio, 2004; Gremler, 2004). For example: service encounter (Bitner, Booms & Tetreault, 1990); uncomfortable prescribing decisions by GPs (Bradley, 1992); newcomer socialisation (Gundry & Rousseau, 1994); psychological contract breach (Rever-Moriyama, 1999); learning facilitation (Ellinger, 1999); and factors that influence decisions in incidents of work-family conflict (Powell & Greenhaus, 2006).

Understandably, definitions of CIT have also evolved to reflect its expanded use. For instance, according to Chell (1998), the CIT is a qualitative interview procedure which facilitates the investigation of significant occurrences (events, incidents, processes or issues) identified by the respondent, the way the occurrences are managed, and the outcomes in terms of perceived effects. The objective is to gain an understanding of the incident from the perspective of the individual, taking into account cognitive, affective and behavioural elements. In the context of our study, the significant occurrence is the manager’s decision making process. We believe that a decision regarding employee

access to structured training and development opportunities that are at least partially funded by the firm represents a difficult choice for the manager and would therefore be inherently memorable (Powell & Greenhaus, 2006). In our study we seek primarily to develop an understanding of the cognitive elements of the significant occurrence, as opposed to the affective and behavioural elements.

### **Limitations of the CIT**

Like all research methods, the CIT has both strengths and limitations. One limitation of CIT studies using retrospective self-reports is that respondents may not be able to recall details of critical incidents (decisions). To address this limitation, managers who agreed to participate in the study were encouraged to prepare for the interview by recalling and recording a few details of actual decisions they had made regarding employee access to firm-sponsored structured training and development opportunities. To help them prepare in this way we sent them an incident form that they could use as a memory-aide during the interview (Bradley, 1992). The form provided spaces for participants to record salient aspects of the decision making process. To further facilitate the collection of 'rich data', probes were used to help the interviewer 'flesh out' the questions, and as prompts for information that the participant may have overlooked.

Another limitation of CIT studies using retrospective self-reports is that respondents may not be willing to take the time and effort to provide detailed descriptions of their decisions (Butterfield, Borgen, Amundson & Maglio, 2004; Gremler, 2004). To help overcome this limitation the expected duration of the interview was specified when participants were recruited and at the start of each interview the interviewer reassured the participant that the interview would be completed within the agreed time-frame.

### **Data Collection**

Interviews were conducted with a total of 12 managers. All procedures for the collection of data that involves human subjects were carefully adhered to and overseen by the university's human ethics committee. Prior to commencing each interview, an Information Sheet was given to the participant and its content explained. The participant then signed an Informed Consent Form. During the interview, the manager was asked to provide detailed accounts of at least three decision making incidents. For each decision making incident the manager was taken through an interview schedule designed to capture salient information about triggering factors, type of training being considered and the perceived beneficiary (research objective 1); the manager's decision making objective and reasons the manager made the decision he or she did (research objectives 2 and 3); and the manager's evaluation of the effectiveness of the decision and reasons for his or her judgement (research objective 4). Each interview lasted between 60-90 minutes. With the manager's permission, the interviews were

digitally recorded to ensure accuracy of the interview data. The interviews were later transcribed verbatim. The 12 interviews yielded a total of 36 useable critical incidents that served as the units of analysis.

### **Data Analysis**

As soon as the transcript of an interview was available for review, it was checked for accuracy and carefully examined repeatedly by the researchers. Reflective remarks were recorded in the margins (Miles & Huberman, 1994; Patton 1990). The process of review of the interview transcripts was followed by sorting the interview data into six categories that were derived from the research objectives: (1) triggering factor(s); (2) type(s) of T&D being considered; (3) perceived beneficiary; (4) decision objective(s); (5) reason(s) for authorising/not authorising access; and (6) reason(s) for judging decision effective/ineffective. Category five and six each had two sub-categories: authorised/not authorised and effective/ineffective. Content analysis was used to aid in classification of the textual interview data into the categories and sub-categories. The contents of the data were classified in the category in which it most clearly belonged by writing codes directly on the relevant data passages, and then colour coding the data strips. Reliability of text classification was assessed through coding and then re-coding the same text. After the first two transcripts had been coded and later recoded by one researcher, the second researcher checked accuracy of the researchers' coding. This check showed high reproducibility.

Classifying qualitative data into categories facilitates the search for patterns and themes, within a particular setting, or across cases (Miles & Huberman, 1994; Patton, 1990). To facilitate analysis of the interview data in the current study, the data were displayed through building matrices (Miles & Huberman, 1994). Rows were devoted to numbers (1-36) assigned to the critical incidents (units of analysis), and columns to the six categories and two sub-categories mentioned previously. A decision was made to enter only relatively 'thick' descriptions (Miles & Huberman, 1994; Neuman, 1994; Patton, 1990) that render the context well into the matrix cells, rather than to summarise or paraphrase. Thus cell entries in the matrices consisted of direct quotes taken from coded data segments located in the interview transcripts. The main tactics for drawing meaning from the data were noting patterns and themes (e.g. in managers' decision making objectives), clustering (e.g. clusters of triggering factors) and counting (e.g. types of training and development being considered).

### **Credibility Checks**

We employed two types of checks to enhance the trustworthiness of our findings. First, as noted previously, the interviews were digitally recorded to ensure participants' accounts were accurately captured. The accuracy levels of the accounts were also checked. The accuracy of an incident can be deduced from the level of full, precise details given about the incident itself (Butterfield, Borgen,

Amundson & Maglio, 2004). General or vague descriptions of incidents might mean an incident is not well-remembered and therefore should be excluded. All incidents were assessed as having sufficient detail to be reliable and were included in the analysis. Second, two of the researchers independently analysed and placed initial interview data into the categories and sub-categories. The two researchers then cross-checked their categorisation of the interview data and differences in categorisation of the data were reconciled.

**PROFILES OF THE PARTICIPANTS AND THEIR FIRMS**

Table 1 provides profiles of the participants and their firms.

[INSERT TABLE 1 HERE]

**FINDINGS OF THE INTERVIEWS**

Findings of the semi-structured interviews, incorporating critical incidents, are presented and illustrated with quotations in three sections that correspond with the standard format of a critical incident: (1) what led up to it (antecedent information); (2) the experience itself; and (3) outcomes of the incident.

**What Led Up to the Incident (Decision-Making Situation)?**

This section reports the findings on triggering factors, types of training and development being considered, and the perceived beneficiaries. Findings of our study are suggestive that employees in medium-sized enterprise are not proactive in seeking access to training and development. For example:

I have not had one [request] from an employee. Every training programme that I have put any of my employees through had been through senior management’s decision. [ID# 2]

This may be because employees in these firms learn through socialisation processes to be reticent about requesting access to training and development opportunities. As one manager succinctly put it: “Mostly, people know not to ask”. [ID# 1] Nevertheless, our analysis of the incidents that *did* involve employees seeking access to training and development opportunities suggests that employees do so when they: (a) perceive that they are stagnating in their current role; (b) have aspirations to learn and grow and become formally qualified; and (c) want to enhance their employability.

On the other hand, owner-managers or other managers in the firm tended to initiate employee access to training and development when: (a) provision of training was required for the organisation to comply with regulatory frameworks (i.e., mandatory training); (b) employees' actual performance did not match performance expectations; (c) acquisition of new knowledge and skills was necessary to exploit a potential business opportunity; and (d) the training and development opportunity (e.g. apprenticeship or traineeship) was perceived as a cost effective mechanism for retaining employees. Each of these triggering factors is illustrated with a quotation below.

**Mandatory training:**

The only formal training we tend to do is what's legislated or required by law. [ID# 6]

**Performance deficits:**

There were some issues of how he dealt with people, and not necessarily internally either. I'm trying to say client issues, but I didn't want to say that! [ID# 9]

**Business opportunities:**

We put three people through the fibre-optics course. With the national broadband coming out, fibre-optics is going to be required. I was hoping to steer our company into that field. [ID# 2]

**Retention:**

You're giving someone the opportunity to follow a dream. They've always wanted to be a nurse ... but things have got in the way...family life, and they've become secondary. So we're up-skilling our staff, we're retaining them while they're gaining their qualification. [ID# 3]

The types of training and development being considered by the owner-managers, managers and employees in our study included conferences, seminars and workshops, traditional classroom-based training, and structured on-site training provided by external training providers. There were just a small number of decision making situations (4) where the type of training and development opportunity being considered matched the definition of 'development' that we employed in our study. Regarding the perceived beneficiaries, in a vast majority of the critical incident accounts (33), both the employer and the employee were perceived as the potential beneficiaries of the training and development opportunities that were being considered. Some participants singled out clients as beneficiaries:

We had a client who wanted our engineers to work on a different type of engineering package. They were willing to go fifty-fifty on the payment to train them. That was a win for them, and it was a win for us, and it was a win for the personnel. [ID# 8]

## **The Experience Itself**

This section reports findings of our analysis of the decision making objectives and the key factors influencing decisions. Specifying the objective(s) to be achieved is considered an important step in the decision making process (Nelson & Quick, 2011). The objective(s) for a decision determine what is to be accomplished by it. We sensed that the participants in our study were unwilling, or more likely

unable, to fully explicate the objectives of their decisions. Nonetheless, our analysis of the interviews suggests that there were four overarching decision making objectives. These were to: (a) comply with regulatory frameworks; (b) ensure cost-effectiveness in the management of human resources; (3) retain employees perceived as ‘stars’ or ‘solid citizens’ (Boxall & Purcell, 2011); and (d) exploit potential business opportunities. Compliance with regulatory frameworks was unquestionably the dominant theme in the interviews. Decision makers tried to ensure cost-effectiveness in the management of human resources through encouraging employees to participate in low cost training and development options, such as government-sponsored traineeships and apprenticeships. Such training and development schemes were also perceived as mechanisms for retaining key staff. While exploiting potential business opportunities did emerge as a theme in decision making objectives, it was not a strong theme.

Table II shows the multiplicity of factors influencing decisions regarding employee access to training and development that emerged from our analysis of the critical incidents. The several factors have been grouped into four categories – factors related to the employee, decision maker, training and development opportunity, and the organisation. Each factor is illustrated with a quotation below.

#### **[INSERT TABLE II HERE]**

The employee:

We look at the abilities that they show ...try to select the most practical, confident and loyal workers for the training. Do we see them as a long term potential employee who wants to grow with the company? You try to pick staff that you think are going to stay with the company. They are the people that we actually put through the training courses. [ID# 2]

The decision maker:

I don't do online training. I don't believe in it. I've done some myself and fallen asleep. It's not hands-on enough. [ID# 4]

The training and development opportunity:

When it comes to nebulous stuff, where people wish to do non-core training, I would have to be in a very good mood, or flush with money. It's a disruption to the workplace, and there is little tangible benefit to the company or even the employee, because the employee would soon forget. [ID# 1]

The organisation:

The company has to have an immediate and direct need for somebody to have a certain skill. When faced with that you either have to go fishing outside the company to employ somebody, or we will train him to do it because he can take on those skills. [ID# 1]

Of the 36 critical incidents, just three relate to decision making situations where employees' requests to access training and development opportunities were declined. In these critical incident accounts decision-makers provided strong justifications for their decisions. For example,

She's known for doing a lot of external training...she put forward a proposal, she wanted to go to a training session last year and it was in a really busy period. The topic was quite irrelevant to what she actually does on a day-to-day basis. So when you look at her [application] form there's a fair commitment on the cost, her time out of the office. The reason she wanted to go wasn't overly relevant and her sharing [of learning] was probably not that important because it was a topic that didn't apply to many. So she really struck out in all categories. [ID# 10]

### **Outcomes of the Incident**

Participants' accounts of outcomes of the incidents were typically brief and non-specific:

There was the reinforcement, and the new stuff that she learnt. Now she is confident to just get it done, and she's not stressing about it. [ID# 9]

Decision makers tended to judge the effectiveness of their decisions by looking to the effectiveness of the training itself. Training effectiveness was assessed by relying on the workplace supervisor's observations of employee performance back at the workplace and employees' reactions to the training (Did they like it? Did they think it was useful?). Comments from the participants suggest that, on the whole, they did not proactively seek feedback on the effectiveness of mandatory training. As one participant commented somewhat tongue-in-cheek, "the thing is that we need the piece of paper, we don't actually require them to safely operate the machine". [ID# 1]

## **DISCUSSION**

Findings regarding triggering factors suggest that the approach to training and development in a majority (11/12) of the sample firms can be described as a 'deficit model' (Boxal & Purcell, 2011). This is a short-term, reactive approach in which training and development is used primarily as a mechanism to comply with regulatory frameworks and to bridge obvious performance gaps. Such a conceptualisation is consistent with the views of other commentators (e.g., Hill & Stewart, 2000; Sadler-Smith, Sargeant & Dawson, 1998) who have similarly characterised the approach that SMEs take to training and development.

Managers in the organisations studied initiated employee access to training and development in a majority (32) of the critical incident accounts. This finding is suggestive that employees in medium-sized enterprises may need to exhibit higher levels of developmental proactivity. Proactive employees self-assess their future knowledge and skill needs and actively look for opportunities to expand their knowledge and skill base (van Veldhoven & Dorenbosch, 2008). This is the practical advice that is often given to older workers if they want to progress their careers (van Veldhoven & Dorenbosch, 2008). Older workers are also a 'disadvantaged' group within the workforce because they get less access to training and development than younger workers (Cully, VandenHeuvel, Wooden & Curtain,

2000; Gray & McGregor, 2003; Maurei & Rafuse, 2001). This may be because they are perceived as less malleable than younger workers, or because it is assumed that they will retire soon thus reducing returns on investments (Maurei & Rafuse, 2001).

The findings in relation to factors influencing decisions regarding employee access to structured training and development highlights the wide range of factors that the decision makers in our study considered. This is in contrast to the smaller number of decision making factors that are featured in the literature that discusses 'barriers' to training and development. In our view, too much of the SME literature is pre-occupied with a small number of factors that act as barriers to SME engagement in training and development – such as costs, lack of time, and fear of newly qualified staff being poached – and fails to pay sufficient regard to the wide range of idiosyncratic factors that influence managerial decision making, such as their attitudes toward various modes of training delivery (e.g. online training) and beliefs about the improvability of skills and abilities. A preoccupation with a narrow range of factors creates a distorted and simplistic view of managerial decision making regarding employee access to training and development.

Our analysis of the critical incidents indicates that, on the whole, the decision makers did not pay much attention to evaluating their decisions. Similarly, decision makers did not give much attention to evaluating the effectiveness of structured training and development events. This may be because many of the critical incident accounts involved compliance-related training and development. Nevertheless, these findings suggest that the managers were not acting in accordance with good practice in both managerial decision making and training and development. Evaluating the outcomes are important elements of both the managerial decision making process (Nelson & Quick, 2011) and the systematic training process (Kirkpatrick, 1998).

In addition to the aim of developing an understanding of decision making processes regarding employee access to structured training and development opportunities, our study also sought to assess the effectiveness of the CIT as a tool for studying managerial decision making processes. Based on what we have learned through our experiences, we believe that the CIT has the potential to provide fresh perspectives on the phenomenon of employee participation in training and development in SMEs, or at least raise doubts about the significance of some previously identified barriers to participation. For instance, lack of suitable formal training and development opportunities for smaller firms is a frequently cited barrier to participation (Storey & Greene, 2010; Storey & Westhead, 1997). Yet, in our study this barrier did not emerge as an important factor in the managerial decision making process. Another strength of the CIT as a tool for studying managerial decisions regarding employee access to training and development is that it generates data which gives the researcher a holistic view of decision making situations. This includes data about factors leading up to the decision making



situation, data about the actual decision that was made, and data about outcomes of the decision. A further strength of the CIT is the realism of the approach. The CIT enables the researcher to capture the complexity and idiosyncrasies of the managerial decision making process.

The CIT also has some important limitations that should be taken into account by researchers intending to use this method to pursue a similar line of enquiry. Gathering an adequate number of critical incident accounts that are also sufficiently accurate is likely to be difficult. Feedback from the participants suggests that decisions regarding employee access to structured training and development opportunities that are at least partially funded by the firm are not a frequent occurrence in medium-sized enterprises. Additionally, participants are not likely to recall each element of the decision making process with the same levels of accuracy. For instance, a participant may accurately recall factors that triggered an employee's request to attend a training course and factors that influenced his or her decision to approve or decline the request. However, the participant may provide general or vague descriptions about outcomes of the decision. A further limitation of CIT studies using retrospective self-reports is that respondents may reinterpret critical incidents (i.e., post-decisional justification). Finally, participants may be unable or unwillingly to provide accounts of decision making situations where employees' requests to access training and development opportunities were declined. This may be because employees in medium-sized enterprises seldom request access to training and development opportunities, or because of social desirability bias (Zikmund, 2003).

## CONCLUSION

Our study produced three key findings. First, employee access to training and development was initiated primarily by managers in the organisations; employees did not seem to exhibit high levels of developmental proactivity. Regulatory requirements and performance deficits were the main factors triggering training and development. Second, decisions regarding employee access to training and development were influenced by a wider range of factors (see Table II) than the decision making factors that are commonly featured in the literature that discusses 'barriers' to training and development in SMEs. Third, decision makers tended to neglect the evaluation phase of the decision making process and they engaged in post-decisional justification. Similarly, where employee access to training and development had been approved, the effectiveness of the training and development events were evaluated in a superficial manner.

Despite its limitations, we believe that the CIT is an effective exploratory tool for increasing knowledge about the little-known phenomenon of managerial decision making regarding employee access to structured training and development. The CIT allowed our study participants as free a range of responses as possible within the overall research framework (Gremier, 2004). Manager accounts of

actual decisions they made provided rich details of firsthand experiences and thus contributed to an understanding of decision making regarding employee access to structured training and development. Furthermore, the critical incident data we collected will provide a useful empirical starting point for designing a quantitative study of managerial decision making that we intend to undertake at a later stage. Findings of such a larger-scale study may have implications for policy-makers and providers of training and development in terms of the ways in which training and development opportunities are presented and marketed to managers. The findings of such a survey may also provide useful information for employees who are proactive in seeking access to training and development opportunities in terms of the ways in which they should make their case to managers.

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Table 1

Profiles of participants and their firms

ID #	1	2	3	4	5	6	7	8	9	10	11	12
<b>Gender</b>	M	M	F	M	F	F	F	M	M	M	M	F
<b>Age</b>	55	51	45	27	34	41	25	55	44	34	59	43
<b>Highest education</b>	High School	TAFE	Uni	High School	Uni	Uni	Uni	Uni	High School	Uni	TAFE	High School
<b>Position</b>	CEO	Director	T & D Manager	Resort Manager	Co-owner/ Practice manager	General Manager	Assistant to General Manager	General Manager	Recruitment Coordinator	Associate Director	Director	General Manager
<b>Firm Time (yrs)</b>	10	15	6	1.5	10	0.2	0.5	10	10	8	29	1.3
<b>Business type</b>	Mineral exploration	Electrical	Aged care	Hospitality	Legal services	Hospitality	Hospitality	Mining equip	Engineering	Accounting services	Electronics	Chocolate manufacture
<b>Employee Numbers</b>	30	25	190	30	20	40	30	25	30	150	24	45

Table II

Factors influencing decisions regarding employee access to training and development

<p>The employee:</p> <ul style="list-style-type: none"> <li>• readiness for learning</li> <li>• performance on previous training courses</li> <li>• personal characteristics, such as loyalty, commitment to the organisation, and work-related attitudes</li> </ul>	<p>The decision maker:</p> <ul style="list-style-type: none"> <li>• amount of discretion in the decision making situation (i.e., for mandatory training the decision-maker typically had very little discretion)</li> <li>• need to retain employees perceived as ‘solid citizens’ or ‘stars’</li> <li>• attitude toward various modes of training delivery (e.g. online training)</li> <li>• beliefs about the improvability of skills and abilities</li> <li>• concerns about low levels of learning transfer back to the workplace</li> </ul>
<p>The training and development opportunity:</p> <ul style="list-style-type: none"> <li>• cost-effectiveness (i.e., publicly-funded and franchise-sponsored training were considered cost-effective)</li> <li>• specificity (i.e., specific training was preferred to general training)</li> </ul>	<p>The organisation:</p> <p><i>Facilitating factors:</i></p> <ul style="list-style-type: none"> <li>• immediate demands in jobs</li> <li>• potential business opportunities that require acquisition of new knowledge and skills</li> </ul> <p><i>Constraining factors:</i></p> <ul style="list-style-type: none"> <li>• limited financial resources available for training and development</li> </ul>